

AMENDED IN ASSEMBLY MAY 27, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1858**

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**Introduced by Assembly Member Santiago**

February 10, 2016

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An act to add and repeal Section 11545 of the Vehicle Code, relating to vehicle dismantling.

LEGISLATIVE COUNSEL'S DIGEST

AB 1858, as amended, Santiago. Automobile dismantling: task force.

Existing law establishes the Department of Motor Vehicles, the State Board of Equalization, and the California Environmental Protection Agency, and prescribes the powers and duties of those state agencies. Under existing law, it is unlawful for any person to act as an automobile dismantler without having an established place of business, meeting specified requirements, and having a current, valid license or temporary permit issued by the Department of Motor Vehicles.

This bill would, until January 1, 2019, require the department to establish an Unlicensed Automobile Dismantling Task Force comprised of representatives of the department, the State Board of Equalization, and the California Environmental Protection Agency. The bill would require the task force to collaborate to investigate the occurrences of ~~underground~~, unlicensed vehicle dismantling in violation of those provisions, including resulting tax evasion and environmental damage. The bill would require the task force, on or before March 1, 2018, to submit a report to the Legislature including specified information pertaining to the task force's activities. The bill would state related findings and declarations of the Legislature.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. The Legislature finds and declares the following:

2 (a) Automobile dismantlers are occupationally licensed by the  
3 Department of Motor Vehicles to provide an essential service that  
4 directly addresses society's ~~ever-increasing problem~~ *increasing*  
5 *challenge* of what to do with end-of-life vehicles.

6 ~~(b) An estimated 1.2 million vehicles will reach the end of their~~  
7 ~~useful lives this year in California, either by determination of their~~  
8 ~~owners or by being declared a total loss by an insurance company.~~  
9 ~~While those vehicles might otherwise end up on the roadside or~~  
10 ~~abandoned in empty lots, licensed dismantlers acquire them and~~  
11 ~~safely convert them into reusable and recycled commodities.~~

12 ~~(e)~~

13 (b) Automobile dismantlers face an array of costly yet necessary  
14 requirements to properly process end-of-life vehicles, including,  
15 but not limited to, safely removing and recycling unused gasoline,  
16 brake fluid, engine oil, transmission fluid, antifreeze, tires, mercury  
17 switches, batteries, and freon.

18 ~~(d)~~

19 (c) Automobile dismantlers are small and medium sized  
20 businesses regulated by over a dozen state, local, and federal  
21 agencies with jurisdiction over water quality, hazardous materials,  
22 air quality, worker safety, payment of taxes, and vehicle titling  
23 requirements.

24 ~~(e) The underground economy in California is a significant~~  
25 ~~dilemma facing the automobile dismantling industry with at least~~  
26 ~~30% of the end-of-life vehicles disappearing into the underground~~  
27 ~~economy each year and not being accounted for.~~

28 (f) ~~Underground automobile dismantling operators are cash-only~~  
29 ~~businesses that do not face the same licensing requirements,~~  
30 ~~environmental regulatory requirements, insurance obligations,~~  
31 ~~work place safety requirements, and tax liability as required by~~  
32 ~~law for licensed dismantlers, resulting in these bad actors enjoying~~  
33 ~~a significant and growing competitive advantage over the licensed~~  
34 ~~dismantlers when purchasing vehicles at salvage pools, insurance~~  
35 ~~auctions, and from the public.~~

1 (d) *Unlicensed automobile dismantlers do not face the same*  
2 *licensing requirements, environmental regulatory requirements,*  
3 *insurance obligations, workplace safety requirements, and tax*  
4 *liability as required by law for licensed automobile dismantlers.*

5 ~~(g) The impacts~~

6 (e) *The impact of unlicensed and unregulated automobile*  
7 *dismantling and limited enforcement activity has led to a*  
8 *growing lack of compliance with dismantler laws, illegal dumping*  
9 *and disposal of vehicles, improper hazardous waste handling,*  
10 *unsafe workplaces, non-payments of taxes, and potential adverse*  
11 *impacts to public health. environmental requirements, and payment*  
12 *of taxes.*

13 ~~(h) The bulk of this unlicensed and unregulated automobile~~  
14 ~~dismantling is occurring in California's most vulnerable,~~  
15 ~~disadvantaged, and underserved communities.~~

16 ~~(i)~~

17 (f) It is the intent of the Legislature to enact legislation to  
18 establish a multiagency task force ~~or partnership~~ to collaborate in  
19 combating ~~underground, unlicensed, unlicensed~~ and unregulated  
20 automobile dismantling for the purposes of investigating  
21 environmental quality issues, ~~public health concerns, and criminal~~  
22 ~~issues and tax evasion that is are~~ occurring as a result of this  
23 activity and the lack of enforcement.

24 SEC. 2. Section 11545 is added to the Vehicle Code, to read:

25 11545. (a) The department shall establish an Unlicensed  
26 Automobile Dismantling Task Force comprised of representatives  
27 of the department, the State Board of Equalization, and the  
28 California Environmental Protection Agency.

29 (b) The task force shall collaborate to investigate the occurrences  
30 of ~~underground, unlicensed~~ automobile dismantling in violation  
31 of this chapter, including resulting tax evasion and environmental  
32 damage.

33 (c) (1) On or before March 1, 2018, the task force shall submit  
34 a report to the Legislature including the following information:

35 (A) The number of leads or complaints received by the task  
36 force.

37 (B) The number of complaints investigated and complaints that  
38 resulted in a civil action or criminal prosecution.

39 (C) Recommendations for modifying, eliminating, or continuing  
40 the task force's activities.

1 (D) Recommendations for statutory or regulatory changes, or  
2 both, needed to better allow for enforcement against unlicensed  
3 automobile dismantlers.

4 (2) The report required by this subdivision shall be submitted  
5 to the Legislature pursuant to Section 9795 of the Government  
6 Code.

7 (d) This section shall remain in effect only until January 1, 2019,  
8 and as of that date is repealed, unless a later enacted statute, that  
9 is enacted before January 1, 2019, deletes or extends that date.